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ALLEN PARISH TOURIST COMMISSION  
ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

8/9/06

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### Independent Auditor's Report

Board of Commissioners  
Allen Parish Tourist Commission  
Oberlin, LA

I have audited the accompanying financial statements of the governmental activities and each major fund of the Allen Parish Tourist Commission as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Allen Parish Tourist Commission. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Allen Parish Tourist Commission as of December 31, 2005, and the changes of financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated June 23, 2006, on my consideration of the Allen Parish Tourist Commission's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis and the required supplementary information on page 30 through 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Royce T. Scimemi, CPA, APAC  
June 23, 2006

*Royce T. Scimemi, CPA, APAC*

## ALLEN PARISH TOURIST COMMISSION

### Management's Discussion and Analysis

Within this section of the Allen Parish Tourist Commission (Commission) annual financial report, the Commission's management is pleased to provide this narrative discussion and analysis of the financial activities of the Commission for the fiscal year ended December 31, 2005. The Commission's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### Financial Highlights

- The Commission's assets exceeded its liabilities by \$667,751 (net assets) for the fiscal year reported.
- Total revenues of \$368,454 exceeded total expenditures of \$201,461, which resulted in a current year surplus of \$166,993.
- Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt, of \$578,933 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase of capital assets.
  - (2) Restricted for capital projects of \$10,001.
  - (3) Unrestricted net assets of \$78,817.
- The Commission's governmental funds reported total ending fund balance of \$88,818 this year. This compares to the prior year ending fund balance of \$147,541, reflecting a decrease of \$58,723 during the current year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$78,817, or 41% of total General Fund expenditures and 33% of total General Fund revenues.
- Overall, the Commission continues to maintain a solid financial position and is continuing to work to improve on this financial position.

*The above financial highlights are explained in more detail in the "financial analysis" section of this document.*

#### Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Commission's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Commission also includes in this report additional information to supplement the basic financial statements.

## ALLEN PARISH TOURIST COMMISSION

### Management's Discussion and Analysis (Continued)

#### Government-wide Financial Statements

The Commission's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Commission's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the Commission's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission as a whole is improving or deteriorating. Evaluation of the overall health of the Commission would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Commission's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Commission's distinct activities or functions on revenues provided.

The government-wide financial statements are presented on pages 12 through 13 of this report.

#### Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Commission uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Commission's most significant funds rather than the Commission as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The Commission uses governmental funds as follows:

*Governmental funds* are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Commission's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 16 through 19 of this report.

#### *Notes to the basic financial statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

# ALLEN PARISH TOURIST COMMISSION

## Management's Discussion and Analysis (Continued)

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Commission's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These schedules demonstrate compliance with the Commission's adopted and final revised budget. Required supplemental information can be found on pages 30 through 31 of this report.

### Financial Analysis of the Commission as a Whole

The Commission's net assets at fiscal year-end are \$667,751. The following table provides a summary of the Commission's net assets for the respective years:

	<u>2004</u>		<u>2005</u>	
<b>Assets:</b>				
Current assets	\$ 154,734	25%	\$ 96,664	14%
Capital assets	<u>470,432</u>	<u>75</u>	<u>578,933</u>	<u>86</u>
<b>Total assets</b>	<b><u>625,166</u></b>	<b><u>100%</u></b>	<b><u>675,597</u></b>	<b><u>100%</u></b>
<b>Liabilities:</b>				
Current liabilities	29,408	24%	7,846	100%
Long-term liabilities	<u>95,000</u>	<u>76</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>124,408</u></b>	<b><u>100%</u></b>	<b><u>7,846</u></b>	<b><u>100%</u></b>
<b>Net assets:</b>				
Investment in capital assets, net of debt	353,217	70%	578,933	87%
Restricted	84,235	17	10,001	1
Unrestricted	<u>63,306</u>	<u>13</u>	<u>78,817</u>	<u>12</u>
<b>Total net assets</b>	<b><u>\$ 500,758</u></b>	<b><u>100%</u></b>	<b><u>\$ 667,751</u></b>	<b><u>100%</u></b>

# ALLEN PARISH TOURIST COMMISSION

## Management's Discussion and Analysis (Continued)

The Commission continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 12.32 to 1.

Note that approximately 87% of the governmental activities' net assets are tied up in capital assets. The Commission uses these capital assets to provide services to its citizens.

Overall, the Commission's office reports net assets of \$667,751. This amount is \$166,993 higher than last year. The Commission's overall financial position improved during fiscal year 2005.

The following table provides a summary of the Commission's changes in net assets:

Revenues:	<u>2004</u>		<u>2005</u>	
Program:				
Hotel/Motel Use Tax	\$ 223,456	99%	\$ 239,790	65%
Contributions-Leatherwood	-	-	128,436	35
General:				
Interest	<u>1,106</u>	<u>1</u>	<u>228</u>	-
Total Revenues	<u>224,562</u>	<u>100%</u>	<u>368,454</u>	<u>100%</u>
Program expenses:				
Tourism Administration	186,887	97%	200,846	100%
Interest	<u>5,396</u>	<u>3</u>	<u>615</u>	-
Total Expenses	<u>192,283</u>	<u>100%</u>	<u>201,461</u>	<u>100%</u>
Change in net assets	32,279		166,993	
Beginning net assets	<u>468,479</u>		<u>500,758</u>	
Ending net assets	\$ <u>500,758</u>		\$ <u>667,751</u>	

### Governmental Revenues

The Commission is heavily reliant on hotel/motel use taxes. These taxes provided 65% of the Commission's revenues during the current year. During the current year, the Commission received a contribution of real estate and artifacts, known as the Leatherwood Museum, amounting to 35% of its revenues.

### Governmental Functional Expenses

The total function of the Commission is to promote tourism in Allen Parish. The only other non-functional cost is interest expense related to the outstanding obligations of long-term debt. Of the total cost, depreciation on the equipment was \$12,752 or 6% of total expenses.

## ALLEN PARISH TOURIST COMMISSION

### Management's Discussion and Analysis (Continued)

#### **Financial Analysis of the Commission's Funds**

##### ***Governmental Funds***

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an ending balance of \$88,818. Legally restricted fund balances (i.e., the reserved fund balances) include: \$10,001 reserved for capital projects. As a result, the unreserved, undesignated fund balance is \$78,817.

The unreserved, undesignated fund balance increased by \$15,511 from the previous year.

##### ***Major Governmental Funds***

The General Fund is the Commission's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$15,511. The Debt Service Fund accumulates resources for the payment of long-term debt. The fund balance decreased by \$84,235 in 2005. The Capital Projects Fund is used to account for financial resources received and used for the acquisition, construction or improvement of capital facilities and equipment not reported in other governmental funds. The fund balance increased by \$10,001 in 2005.

##### **Budgetary Highlights**

***The General Fund*** -- When the original budget was adopted, it was anticipated that the total revenues were going to be similar to the previous fiscal year. The original budget reflected an increase in total expenditures of \$7,024 from the previous fiscal year, mainly due to an anticipated increase in promotion. The budget was amended during the year, mainly in anticipation of a \$12,800 increase in travel expenses.



## ALLEN PARISH TOURIST COMMISSION

### Management's Discussion and Analysis (Continued)

#### Capital Assets and Debt Administrators

##### *Capital assets*

The Commission's investment in capital assets, net of accumulated depreciation as of December 31, 2005, was \$578,933. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2004</u>	<u>2005</u>
Nondepreciable assets-land	\$ 78,616	\$ 93,716
Nondepreciable assets-museum artifacts	-	10,436
Depreciable assets:		
Equipment	48,210	47,850
Furniture & fixtures	18,355	18,355
Buildings	300,237	393,237
Improvements	<u>71,134</u>	<u>73,894</u>
Total depreciable assets	437,936	533,336
Less accumulated depreciation	<u>46,120</u>	<u>58,555</u>
Book value-depreciable assets	\$ <u>391,816</u>	\$ <u>474,781</u>
Percentage depreciated	<u>11%</u>	<u>11%</u>
Book value-all assets	<u>\$470,432</u>	<u>\$578,933</u>

At December 31, 2005, the depreciable capital assets for governmental activities were 11% depreciated.

The major additions to capital assets includes a \$108,000 donation of real estate and \$10,436 in museum artifacts collectively known as the Leatherwood Museum.

##### *Long-term debt*

At the end of the fiscal year, the Commission had total long-term debt obligations outstanding of \$-0-. During the year, the Commission made an advance refunding of \$95,000 in debt and retired \$20,000 under normal payment requirements. See Note E for additional information regarding long-term debt.

#### Contacting the Commission's Financial Management

This financial report is designed to provide a general overview of the Commission's finances, comply with finance-related laws and regulations, and demonstrate the Commission's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Director of the Commission, Adagria A. Haddock, at (337) 639-4868.

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

# ALLEN PARISH TOURIST COMMISSION

## Statement of Net Assets December 31, 2005

### Governmental Activities

#### ASSETS

Cash-interest bearing	\$ 66,268
Cash-noninterest bearing	50
Taxes receivable	26,622
Prepaid postage	196
Due from others	3,378
Security deposits	150
Capital assets	
Land	93,716
Museum artifacts	10,436
Capital assets, net	<u>474,781</u>
Total assets	<u>675,597</u>

#### LIABILITIES

Current liabilities:	
Accounts payable	6,355
Payroll taxes payable	<u>1,491</u>
Total liabilities	<u>7,846</u>

#### NET ASSETS

Invested in capital assets, net of related debt	578,933
Restricted for capital projects	10,001
Unrestricted	<u>78,817</u>
Total net assets	<u>\$ 667,751</u>

The accompanying notes are an integral part of the basic financial statements.

# ALLEN PARISH TOURIST COMMISSION

## Statement of Activities Year Ended December 31, 2005

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Assets Governmental Activities</u>
		<u>Hotel/Motel Use Tax</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:				
Tourism Administration	\$ 200,846	\$ 239,790	\$ 128,436	\$ 167,380
Interest on L-T Debt	<u>615</u>	<u>-</u>	<u>-</u>	<u>(615)</u>
Total	\$ <u>201,461</u>	\$ <u>239,790</u>	\$ <u>128,436</u>	<u>166,765</u>
General revenues:				
Unrestricted investment earnings				<u>228</u>
Total general revenues				<u>228</u>
Change in net assets				166,993
Net assets-December 31, 2004				<u>500,758</u>
Net assets-December 31, 2005				\$ <u>667,751</u>

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUND DESCRIPTIONS**

### **General Fund**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Debt Service Fund**

To account for the accumulation of resources for, and the payment of long-term debt.

### **Capital Projects Fund**

To account for financial resources received and used for the acquisition, construction or improvement of capital facilities and equipment not reported in other governmental funds.

# ALLEN PARISH TOURIST COMMISSION

## Balance Sheet - Governmental Funds

December 31, 2005

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
<b>ASSETS</b>				
Cash	\$ 56,317	\$ -	\$ 10,001	\$66,318
Taxes receivable	26,622	-	-	26,622
Security deposits	150	-	-	150
Due from others	3,378	-	-	3,378
Prepaid postage	<u>196</u>	<u>-</u>	<u>-</u>	<u>196</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>86,663</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>10,001</u></b>	<b>\$ <u>96,664</u></b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ 6,355	\$ -	\$ -	\$ 6,355
Payroll taxes payable	<u>1,491</u>	<u>-</u>	<u>-</u>	<u>1,491</u>
Total Liabilities	<u>7,846</u>	<u>-</u>	<u>-</u>	<u>7,846</u>
<b>Fund Equity</b>				
Fund balance				
Reserved for capital projects	-	-	10,001	10,001
Unreserved and undesignated	<u>78,817</u>	<u>-</u>	<u>-</u>	<u>78,817</u>
Total Fund Equity	<u>78,817</u>	<u>-</u>	<u>10,001</u>	<u>88,818</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ <u>86,663</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>10,001</u></b>	<b>\$ <u>96,664</u></b>

The accompanying notes are an integral part of the basic financial statements.



ALLEN PARISH TOURIST COMMISSION

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
December 31, 2005

Total fund balances for governmental funds at December 31, 2005 \$ 88,818

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 93,716	
Museum Artifacts non-depreciable	10,436	
Equipment, net of \$23,735 accumulated depreciation	24,115	
Furniture & Fixtures, net of \$5,766 accumulated depreciation	12,589	
Buildings, net of \$23,907 accumulated depreciation	369,330	
Improvements, net of \$5,147 accumulated depreciation	<u>68,747</u>	<u>578,933</u>

Total net assets of governmental activities at December 31, 2005 \$ 667,751

The accompanying notes are an integral part of the basic financial statements

# ALLEN PARISH TOURIST COMMISSION

## Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

Year Ended December 31, 2005

	GENERAL FUND	DEBT SERVICE FUND	CAPTIAL PROJECTS FUND	TOTALS
<b>REVENUES</b>				
Hotel/Motel use tax	\$ 239,790	\$ -	\$ -	\$ 239,790
Contributions-Leatherwood	-	-	128,436	128,436
Interest	<u>227</u>	<u>-</u>	<u>1</u>	<u>228</u>
<b>TOTAL REVENUES</b>	<u>240,017</u>	<u>-</u>	<u>128,437</u>	<u>368,454</u>
<b>EXPENDITURES</b>				
Current				
Advertising	17,885	-	-	17,885
Bank charges	1	6	-	7
Dues	1,169	-	-	1,169
Employee benefits	2,155	-	-	2,155
Insurance	7,815	-	-	7,815
Payroll taxes	4,624	-	-	4,624
Per diem - board members	1,450	-	-	1,450
Professional fees	5,775	-	-	5,775
Promotions	26,522	-	-	26,522
Rents	4,328	-	-	4,328
Repairs and maintenance	5,917	-	-	5,917
Salaries	60,444	-	-	60,444
Supplies	13,184	-	-	13,184
Telephone	8,128	-	-	8,128
Training and education	2,650	-	-	2,650
Travel	20,298	-	-	20,298
Utilities	5,700	-	-	5,700
Capital outlay	2,860	-	118,436	121,296
Debt Service				
Principal retirement	-	115,000	-	115,000
Interest	<u>-</u>	<u>2,830</u>	<u>-</u>	<u>2,830</u>
<b>TOTAL EXPENDITURES</b>	<u>190,905</u>	<u>117,836</u>	<u>118,436</u>	<u>427,177</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	49,112	(117,836)	10,001	(58,723)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)	<u>(33,601)</u>	<u>33,601</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	15,511	(84,235)	10,001	(58,723)
<b>FUND BALANCE - BEGINNING</b>	<u>63,306</u>	<u>84,235</u>	<u>-</u>	<u>147,541</u>
<b>FUND BALANCE - ENDING</b>	\$ <u>78,817</u>	\$ <u>-</u>	\$ <u>10,001</u>	\$ <u>88,818</u>

The accompanying notes are an integral part of the basic financial statements.

# ALLEN PARISH TOURIST COMMISSION

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities Year Ended December 31, 2005

Total net changes in fund balances at December 31, 2005 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (58,723)
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The change in net assets reported for governmental activities in the  
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 121,296	
Depreciation expense for the year ended December 31, 2005	(12,752)	108,544

Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable on the statement of net assets	115,000
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In the statement of activities, the loss on disposal of assets is reported, whereas in the governmental funds the proceeds from the sale, if any, increase financial resources. The change in net assets disposed of amounted to (\$360) in original costs, net of related accumulated depreciation of \$317.	(43)
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Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	<u>2,215</u>
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Total changes in net assets at December 31, 2005 per Statement of Activities	\$ <u>166,993</u>
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The accompanying notes are an integral part of the basic financial statements.

# ALLEN PARISH TOURIST COMMISSION

## Notes to Basic Financial Statements

December 31, 2005

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Allen Parish Tourist Commission was created by the Allen Parish Police Jury under LSA-RS 33:4574. The Commission is governed by a board of seven commissioners who are appointed by the Allen Parish Police Jury. The Commission has as its purpose the promotion of tourism within Allen Parish.

The accounting and reporting policies of the Allen Parish Tourist Commission, conform to generally accepted accounting principles as applied to governments. Such accounting and reporting procedures conform to the requirements of the industry audit guide, Audits of State and Local Governments. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

#### 1. Financial Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Allen Parish Tourist Commission includes all funds, account groups, et cetera, that are within the oversight responsibility of the Allen Parish Tourist Commission.

As the governing authority, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- I. Appointing a voting majority of an organization's governing body and
  - a. The ability of the Allen Parish Police Jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Allen Parish Police Jury.
- II. Organizations for which the Allen Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Allen Parish Police Jury.
- III. Organizations for which the reporting entity financial statements could be

## ALLEN PARISH TOURIST COMMISSION

### Notes to Basic Financial Statements - Continued

December 31, 2005

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, Allen Parish Tourist Commission is a component unit of the Allen Parish Police Jury's reporting entity.

#### 2. Basis of Presentation

The accompanying basic financial statements of the Allen Parish Tourist Commission have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB 34, "Basic Financial Statements and Management's Discussion and Analysis-For State and Local Governments", issued in June 1999.

#### Government-Wide Financial Statements (GWFS)

The statement of net assets and the statement of activities display information about the Allen Parish Tourist Commission as a whole. These statements include all the financial activities of the Allen Parish Tourist Commission's office. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchanges occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Allen Parish Tourist Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include hotel/motel use tax. Revenues that are not classified as program revenues are presented as general revenues.

#### Fund Financial Statements (FFS)

The Allen Parish Tourist Commission uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid managements by segregating transactions related to certain Allen Parish Tourist Commission functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on

## ALLEN PARISH TOURIST COMMISSION

### Notes to Basic Financial Statements - Continued

December 31, 2005

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Allen Parish Tourist Commission or its total assets, liabilities, revenues or expenditures of the individual governmental fund is at least 10% of the corresponding total for all governmental funds. The major funds of the Allen Parish Tourist Commission are described below:

##### Governmental Fund - General Fund:

The general operating fund of the Commission and accounts for all financial resources, except those required to be accounted for in another funds.

##### Governmental Fund - Debt Service Fund:

Used to account for the accumulation of resources for, and the payment of long-term debt.

##### Governmental Fund - Capital Projects Fund:

Used to account for financial resources received and used for the acquisition, construction or improvement of capital facilities and equipment not reported in other governmental funds.

#### 3. Measurement Focus/Basis of Accounting

The amounts reflected in the governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is the reconciled, through adjustment, to a government-wide view of Allen Parish Tourist Commission operations. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The amounts reflected in the governmental funds use the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Allen Parish Tourist Commission considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for the interest and principal payments on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the

## ALLEN PARISH TOURIST COMMISSION

### Notes to Basic Financial Statements - Continued

December 31, 2005

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

following practices in recording revenues and expenditures:

##### Revenues

Those revenues susceptible to accrual are hotel/motel tax and interest.

##### Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Capital expenditures are regarded as expenditures at the time purchased.

#### 4. Cash and Interest Bearing Deposits

Cash and interest bearing deposits includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2005, the Commission had \$76,102 in deposits (collected bank balances), all of which was secured from risk by federal deposit insurance.

#### 5. Budget

A general fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. Expenditures may not legally exceed budgeted appropriations at the activity level. The final budget for 2005 includes the original budget (adopted on December 14, 2004) and two amendments (adopted on November 29, 2005 and December 13, 2005) during the year.

# ALLEN PARISH TOURIST COMMISSION

## Notes to Basic Financial Statements - Continued

December 31, 2005

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### 6. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The Allen Parish Tourist Commission maintains a threshold level of \$150 or more for capitalizing capital assets.

Capital assets are recorded in the statement of net assets and statement of activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment	3-60 Years
Furniture & fixtures	5-60 Years
Buildings	60 Years
Improvements	15-60 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

#### 7. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Allen Parish Tourist Commission's Office as an extension of formal budgetary integration in the funds.

#### 8. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt -- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.



ALLEN PARISH TOURIST COMMISSION

Notes to Basic Financial Statements - Continued

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

9. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

10. Long-Term Debt

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

NOTE B - HOTEL/MOTEL TAXES

Allen Parish Tourist Commission is authorized to levy and collect a tax upon the occupancy of hotel rooms, motel rooms, and overnight camping facilities within the jurisdiction of the Allen Parish Tourism Commission not to exceed three percent of the rent or fee charged for such occupancy.

# ALLEN PARISH TOURIST COMMISSION

## Notes to Basic Financial Statements - Continued

December 31, 2005

### NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	12/31/04 <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	12/31/05 <u>Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land costs	\$ 78,616	\$ 15,100	\$ -	\$ 93,716
Museum artifacts	-	10,436	-	10,436
Other capital assets:				
Equipment	48,210	-	360	47,850
Furniture & fixtures	18,355	-	-	18,355
Buildings	300,237	93,000	-	393,237
Improvements	<u>71,134</u>	<u>2,760</u>	<u>-</u>	<u>73,894</u>
Total	<u>516,552</u>	<u>121,296</u>	<u>360</u>	<u>637,488</u>
Less: Accumulated Depreciation				
Equipment	19,974	4,078	317	23,735
Furniture & fixtures	4,710	1,056	-	5,766
Buildings	17,870	6,037	-	23,907
Improvements	<u>3,566</u>	<u>1,581</u>	<u>-</u>	<u>5,147</u>
Total	<u>46,120</u>	<u>12,752</u>	<u>317</u>	<u>58,555</u>
Net capital assets	<u>\$ 470,432</u>	<u>\$ 108,544</u>	<u>\$ (43)</u>	<u>\$ 578,933</u>

Depreciation expense in the amount of \$12,752 was charged to tourism administration. The Leatherwood Foundation donated a large number of small artifacts to the Commission during 2005. The Commission utilized certain experts to value many of the artifacts. Many of the artifacts were of nominal or indeterminable value. These items included newspaper clippings, photographs, scrapbooks, military medals, old dental paraphernalia, artwork, collectibles, and a myriad of smaller items. These items were not capitalized because there was neither a readily determinable market nor any practical valuation methods. The Commission has inventoried these items and plans to display them when the museum becomes a functional welcome center.

### NOTE D - COMPENSATED ABSENCES

Full time employees receive sick leave at a rate of 96 hours per year. Sick leave expires at the end of each fiscal year and has not been accrued in the financial statements. Full time employees also receive annual leave based upon length of employment. The annual leave becomes available to employees on the anniversary date of each work year. Annual leave is paid to employees upon termination of employment or retirement. Annual leave also expires at the end of each fiscal year and has not been accrued in the financial statements. Employees earn annual leave as follows:

ALLEN PARISH TOURIST COMMISSION

Notes to Basic Financial Statements - Continued

December 31, 2005

1 Year	5 Days
2-9 Years	10 Days
10+ Years	15 Days

Accrued leave payable was \$0 for the year ended December 31, 2005.

NOTE E - LONG-TERM DEBT

1. Debt Outstanding

All of the Commission's long-term debt was defeased during 2005.

The following is a summary of the long-term debt transactions during the year ending December 31, 2005:

	Bonded Debt
Long-term debt payable at 12/31/04	\$ 115,000
Additions	-
Payments (Principal payment of \$20,000 and advance refunding of \$95,000)	<u>115,000</u>
Long-term debt payable at 12/31/05	\$ <u>      </u>

2. Debt Defeasance

In February 2005, the Commission defeased (paid) \$95,000 of outstanding general obligation bonds. As a result, the Commission saved \$2,026 in interest in 2005 and \$9,134 in interest over the subsequent four years.

NOTE F - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

ALLEN PARISH TOURIST COMMISSION

Notes to Basic Financial Statements - Continued

December 31, 2005

NOTE G - OPERATING LEASES

The Commission has entered into an operating lease for a postage meter. The lease is for 54 months and is noncancelable. The new lease was entered into during late 2003 for a postage meter that is effective immediately following the expiration of the old lease. For the year ended December 31, 2005, operating lease expenditures totaled \$4,328.

The annual requirements to fulfill non-cancelable lease obligations are as follows:

<u>Year Ending, December 31,</u>	<u>Total</u>
2006	\$ 828
2007	<u>621</u>
Total	\$ <u>1,449</u>

NOTE H - SUBSEQUENT EVENT

The Commission issued \$250,000 in certificates of indebtedness for the purpose of renovating a building (The Leatherwood Museum) donated to the Commission during 2005. The building will serve as the Oakdale Tourism Center and will display historical artifacts relating to Allen Parish. \$213,000 of that indebtedness bears interest at 4.3% and is payable in increments of \$14,000 to \$29,000 over a ten year period. The other \$37,000 of that indebtedness bears no interest and is payable in increments of \$5,000 to \$8,000 over a five year period.

**REQUIRED SUPPLEMENTARY INFORMATION**

ALLEN PARISH TOURIST COMMISSION

General Fund  
Budgetary Comparison Schedule

Year Ended December 31, 2005

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Hotel/Motel tax	\$ 220,000	\$ 217,000	\$ 239,790	\$ 22,790
Interest	<u>100</u>	<u>900</u>	<u>227</u>	<u>(673)</u>
TOTAL REVENUES	<u>220,100</u>	<u>217,900</u>	<u>240,017</u>	<u>22,117</u>
<b>EXPENDITURES</b>				
Current				
Advertising	36,000	13,000	17,885	(4,885)
Bank charges	50	25	1	24
Contract labor	3,000	500	-	500
Dues	1,000	1,300	1,169	131
Employee benefits	1,000	2,000	2,155	(155)
Insurance	8,000	8,000	7,815	185
Payroll taxes	6,200	6,200	4,624	1,576
Per diem - board members	-	-	1,450	(1,450)
Professional fees	4,200	5,500	5,775	(275)
Promotion	21,500	27,550	26,522	1,028
Rents	-	-	4,328	(4,328)
Repairs and maintenance	3,000	9,500	5,917	3,583
Salaries	62,000	62,000	60,444	1,556
Supplies	9,000	15,150	13,184	1,966
Telephone	8,000	8,000	8,128	(128)
Training and education	3,000	1,500	2,650	(1,150)
Travel	6,500	19,300	20,298	(998)
Utilities	5,500	5,000	5,700	(700)
Capital outlay	7,300	6,300	2,860	3,440
Debt Service				
Principal retirement	500	100	-	100
Interest	<u>2,197</u>	<u>7,200</u>	<u>-</u>	<u>7,200</u>
TOTAL EXPENDITURES	<u>187,947</u>	<u>198,125</u>	<u>190,905</u>	<u>7,220</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>32,153</u>	<u>19,775</u>	<u>49,112</u>	<u>29,337</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>-</u>	<u>-</u>	<u>(33,601)</u>	<u>(33,601)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	32,153	19,775	15,511	(4,264)
FUND BALANCE - BEGINNING	<u>63,306</u>	<u>63,306</u>	<u>63,306</u>	<u>-</u>
FUND BALANCE - ENDING	\$ <u>95,459</u>	\$ <u>83,081</u>	\$ <u>78,817</u>	\$ <u>(4,264)</u>

ALLEN PARISH TOURIST COMMISSION  
General Fund  
Schedule of Compensation Paid to Board Members  
Year Ended December 31, 2005

R.C. Andrus	\$ 250
John P. Navarre	200
Mike Karam	250
Annie Fletcher	200
Betty Clement	200
Martha Turner	200
Sandra O'Brien	<u>150</u>
Total Compensation Paid to Board Members	<u>\$2,860</u>



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### REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE *WITH* *GOVERNMENT AUDITING STANDARDS*

June 23, 2006

Board of Commissioners  
Allen Parish Tourist Commission  
Oberlin, Louisiana

I have audited the basic financial statements of Allen Parish Tourist Commission, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2005, and have issued my report thereon dated June 23, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether Allen Parish Tourist Commission's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Allen Parish Tourist Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned



Board of Commissioners  
June 23, 2006  
Page 2

functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of management and use of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Royce T. Scimemi, CPA, APAC

*Royce T. Scimemi, CPA, APAC*

**ALLEN PARISH TOURIST COMMISSION**

**Schedule of Findings and Questioned Costs**

**Year Ended December 31, 2005**

**Current Year Findings:**

**1. Summary of Auditors' Results:**

- a. Auditor issued an unqualified opinion on the financial statements.
- b. No reportable conditions in internal control over financial reporting and its operation were disclosed by the audit of the financial statements.
- c. No noncompliance, which is material to the financial statements, was disclosed by the audit of the financial statements.

**2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards.**

N/A

**3. Findings and Questioned Costs for Federal Awards**

N/A

**Prior Year Findings:**

**Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards.**

N/A